

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6878

BILL NUMBER: SB 383

NOTE PREPARED: Feb 22, 2013

BILL AMENDED: Feb 21, 2013

SUBJECT: State University Use of Eminent Domain.

FIRST AUTHOR: Sen. Eckerty

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that before a state supported college or university may acquire property that contains an operating business (other than a business that primarily consists of renting residential property) through the use of eminent domain, the college or university must pay to the owner of the property:

1. The fair market value of the real property and all improvements pertaining to the real property; and
2. Compensation for the loss of the value of the business as a going concern, unless the college or university establishes that the loss of the value of the business as a going concern is not caused by the taking of the property or by injury to the owner's remaining property, or that the loss of the value of the business as a going concern can be reasonably prevented or mitigated by relocating the business or trade in the same or a similar and reasonably suitable location.

The bill specifies that the compensation required does not include any compensation for a loss to the value of the business as a going concern that:

1. Is mitigated by relocating the business or trade in the same or a similar and reasonably suitable location; or
2. Could be prevented if the owner of the property takes the actions and adopts the policies that a reasonable, prudent person of a similar age and under similar conditions as the owner would take and adopt in preserving the value of the business as a going concern.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill could increase the cost to state educational institutions who want

to acquire property that contains an operating business through the use of eminent domain. The increased cost is unknown but would depend on the business and the compensation required.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Educational Institutions, State Budget Agency.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.